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EXCISE

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C C N F I D E N T I A L SECTION 01 OF 03 AMMAN 02524

COMMERCE FOR 4520/IEP/KESA/ONE/TOM SAMS

TREASURY FOR BILL MCFADDEN

E.O. 12356: DECL: OADR

TABS: RFIN, FIXP, JO, US

SUBJECT: THE AFTERMATH OF FIRST CHICAGO;

-- A NEGATIVE IMPACT ON THE LOCAL FINANCIAL SECTOR

REF: (A) USDOC 220251, (1) AMMAN 1352, (C) AMMAN 1193

1. CONFIDENTIAL - ENTIRE TEXT.

2. THIS CABLE IS IN RESPONSE TO REQUEST

CONTAINED IN REFTEL A FOR ADDITIONAL

INFORMATION ON THE UNEXCO STING OF

FIRST CHICAGO NATIONAL BANK.

3. SUMMARY. FIRST CHICAGO'S LOSS OF

USD 23 MILLION TO A JORDANIAN MONEYCHANGER

HAS HAD A NEGATIVE IMPACT ON THE LOCAL

FINANCIAL SECTOR.

B-4

DEPARTMENT OF STATE A/CDC/MR

REVIEWED by SEA DATE 9/2/88

() RELEASE () DECLASSIFY

(X) EXCISE () DECLASSIFY in PART

() DENY () Non-responsive info.

FOL, EO or PA exemptions (b) (4) (7)(D)

to authority to:

() CLASSIFY as _____, OADR

() DOWNGRADE TS to () S or () C, OADR

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THE FIRST CHICAGO AFFAIR HAS BECOME WIDELY PUBLICIZED, INCLUDING THE FIRST REPORT OF A SUIT FILED BY FIRST CHICAGO AGAINST UNITED EXCHANGE COMPANY (UNEXCO) AND PETRA BANK. THE MENTION OF A SUIT AGAINST PETRA BANK HAS

BEEN FOLLOWED BY THE EMERGENCE OF

REPORTED BY THE ENGLISH LANGUAGE NEWSPAPER JORDAN TIMES, ALLEGES THAT UNEXCO OPERATED ALONE, WITHOUT THE ASSISTANCE OF PETRA BANK.

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(b) (4)

END SUMMARY.

4. IN THE TWO MONTHS THAT HAVE PASSED SINCE FIRST CHICAGO'S LOSS OF USD 23 MILLION TO A JORDANIAN MONEYCHANGER, IT HAS BECOME CLEAR THAT THERE HAS BEEN A NEGATIVE IMPACT ON THE LOCAL FINANCIAL SECTOR.

(b) (4)

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5. IN THE PAST TWO MONTHS, THE FIRST CHICAGO AFFAIR HAS ALSO BECOME WIDELY PUBLICIZED. IN ADDITION TO HAVING APPEARED IN LOCALLY SOLD EDITIONS OF THE WALL STREET JOURNAL AND THE FINANCIAL TIMES, THE STORY WAS CARRIED ON THE FRONT PAGE OF THE JORDAN TIMES ON FEBRUARY 27. ACCORDING TO THE ARTICLE, FIRST CHICAGO FILED A CASE IN THE U.S. DISTRICT COURT IN WASHINGTON, D.C., AT THE END OF FEBRUARY, ACCUSING THE UNITED EXCHANGE COMPANY (UNEXCO) AND PETRA BANK OF A "CHEQUE-KITING" SCHEME. THE ARTICLE ALSO STATED THAT FIRST CHICAGO

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IS SEEKING USD 23.2 MILLION DRAWN IN
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COMMERCE FOR 4520/IEP/NESA/ONE/TOM SAMS

TREASURY FOR BILL MCFADDEN

F.O. 12355: DECL: CADR

TAGS: EFIN, EEXP, JO, US

SUBJECT: THE AFTERMATH OF FIRST CHICAGO;
 COUNTERDRAFTS BY UNEXCO, PLUS "TRIPLE DAMAGES"
 FROM UNEXCO AND PETRA BANK. THE ARTICLE
 CONCLUDES BY REPORTING THAT "PETRA BANK IS
 SERIOUSLY CONSIDERING A LIBEL SUIT AGAINST
 FIRST CHICAGO FOR INVOLVING THE JORDANIAN
 BANK'S NAME IN THE AFFAIR." THE STORY HAS
 NOT BEEN CARRIED, HOWEVER, IN THE LOCAL
 ARABIC PRESS.

STORY, SUPPORTED BY THE JORDAN
 TIMES AND THE CENTRAL BANK OF JORDAN,
 ASSUMES THAT THE UNITED EXCHANGE COMPANY
 (UNEXCO) OPERATED ON ITS OWN AND THAT THE

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PETRA BANK WAS NOT INVOLVED AND ACTED

COMPLETELY WITHIN THE LAW.

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COMMERCE FOR 4520/IEP/NESA/ONE/TOM SAMS

TREASURY FOR BILL MCFADDEN

F.C. 12355: DFCL: CADR

TAGS: EFIN, BEXP, JO, US

SUBJECT: THE AFTERMATH OF FIRST CHICAGO;

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